

**FISCAL NOTE**  
**LEGISLATIVE FISCAL ANALYST ESTIMATE**

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES</b> (See narrative for political subdivision estimates)				
	<b>FY 2015-16</b>		<b>FY 2016-17</b>	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	See below		See below	(1,500,000)
CASH FUNDS	See below	See below	See below	See below
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	See below	See below	See below	See below

**Any Fiscal Notes received from state agencies and political subdivisions are attached following the Legislative Fiscal Analyst Estimate.**

LB 175 would amend provision of the Livestock Growth Act and in the Nebraska Advantage Rural Development Act. The fiscal impact would include:

**Grant program and Livestock Growth Act Cash Fund** – LB 175 would establish the Livestock Growth Act Cash Fund and authorize the Department of Agriculture to award grants to assist counties that have been designated as a livestock friendly county. Grants could be awarded for strategic planning costs, or for improvements to public infrastructure. Costs for the grants would be paid from the Livestock Growth Act Cash Fund.

LB 175 provides that transfers or appropriations approved by the Legislature, including transfers from the Commercial Feed Administration Fund, would be the revenue sources for the fund. The total amount of transfers and subsequent expenditures would depend upon legislative funding decisions, and it is possible that the General Fund transfers could be carried out to provide revenue to the fund. The Department of Agriculture notes that \$150,000 could be transferred annually from the Commercial Feed Administration Fund for three years without compromising the statutory uses of the fund, but that additional revenue sources would be required after that point in time. It should be noted that LB 175 does not amend the Commercial Feed Administration Fund to authorize transfers out that fund to the Livestock Growth Act Cash Fund.

**Revisions in the Nebraska Advantage Rural Development Act** -- LB 175 would amend the statutory maximum for credits approved under the Nebraska Advantage Rural Development Act. Currently, the statutory limit for approved projects is \$1,000,000 annually. Under the provisions of LB 175, the statutory limits for applications filed in calendar year 2016 would be: 1) \$1,000,000 for projects described under subsection (1) of section 77-27,188 and 2) \$1,500,000 for projects authorized under subsection (2) of 77-27,188. LB 175 would also establish a new statutory maximum grant for projects approved under subsection (2) of 77-27,188.

If the revised tax credits were fully utilized by approved projects, it is possible that up to \$1,500,000 in decreased General Fund revenue would occur annually. Because the revised limits would become active in calendar year 2016, it is estimated that the first year the revenue loss would occur is FY16-17.

<b>ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY &amp; POLT. SUB. RESPONSES</b>		
LB: 175	AM:	AGENCY/POLT. SUB: Nebraska Department of Agriculture
REVIEWED BY: Cindy Miserez	DATE: 02/06/2015	PHONE: 402-471-4174
COMMENTS: The Nebraska Department of Agriculture's estimate of fiscal impact for LB175 appears to be reasonable. In order to achieve the revenue shown in the Department's fiscal note, transfers would need to be authorized and the bill as written does not authorize a specific transfer.		

<b>ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY &amp; POLT. SUB. RESPONSES</b>		
LB: 175	AM:	AGENCY/POLT. SUB: Nebraska Department of Revenue
REVIEWED BY: Cindy Miserez	DATE: 02/09/2015	PHONE: 402-471-4174
COMMENTS: I concur with the Nebraska Department of Revenue's estimate of fiscal impact for LB175.		

Please complete ALL (5) blanks in the first three lines.

**2015**

**LB<sup>(1)</sup> LB 175**

**FISCAL NOTE**

State Agency OR Political Subdivision Name: Department of Agriculture

(2)

Prepared by: (3) Robert Storant Date Prepared: (4) 02/04/15 Phone: (5) 402-471-6821

**ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION**

	<u>FY 2015-16</u>		<u>FY 2016-17</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
<b>GENERAL FUNDS</b>				
CASH FUNDS	<u>150,000</u>	<u>150,000</u>	<u>150,000</u>	<u>150,000</u>
FEDERAL FUNDS				
OTHER FUNDS				
<b>TOTAL FUNDS</b>	<u>150,000</u>	<u>150,000</u>	<u>150,000</u>	<u>150,000</u>

**Explanation of Estimate:**

LB 175 enacts the Livestock Growth Act to provide aid, resources, and assistance to rural communities and counties seeking opportunities in the growth of livestock production. The bill would provide for the Department to administer a grant program to assist counties designated as Livestock Friendly Counties in development planning and infrastructure improvement. The Department would also be authorized to adopt rules and regulations to carry out the Act. There will be a cost to implement the act and administer payments to the counties. The department is looking at incorporating this act into the existing Livestock Friendly County program administered by the department's Agriculture Promotion and Development focus area. The department would incorporate administrative costs for the Livestock Growth Act into the existing budget.

The LB 175 specifies uses of grant funding for strategic planning for zoning and land use, needs of the county to support livestock development, identifying goals, opportunities, possible locations, and marketing strategies. The Department may award a grant up to \$15,000 for such strategic planning. The bill also specifies that improvements to public infrastructure to accommodate livestock development projects are eligible purposes. The Department could award a grant up to \$200,000 or half of the unobligated balance of the grant fund, whichever is less, for such improvements to infrastructure.

The bill creates the Livestock Growth Act Cash Fund which is to include amounts transferred from the Commercial Feed Administration Cash Fund, funds transferred or appropriated to this cash fund by the Legislature and funds received as gifts, grants, or private or public funds obtained for the purposes of the Act. The following cash flow reflects a three year positive cash flow to the Commercial Feed Administration Cash Fund if \$150,000/per year is transferred to this fund. Without additional revenues, it appears the Commercial Feed Administration Cash Fund cannot support the funding needs for this program beyond the three years estimated.

Fund 20810	FY 09/10	FY 10/11	FY 11/12	FY 12/13	FY 13/14	Projected FY 14/15	Projected FY 15/16	Projected FY 16/17
Commercial Feed								
Beginning Balance	973,149	364,599	452,896	500,427	705,827	869,650	762,799	440,656
Rate per ton:	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06
Revenue:								
Inspection Fees	669,832	695,479	761,697	757,010	720,448	710,000	710,000	710,000
Small Package	128,025	142,575	137,155	151,575	157,575	150,000	150,000	150,000
Firm Registration	30,256	31,125	29,461	30,225	54,009	38,000	38,000	38,000
Investment Interest	26,431	16,747	15,552	17,410	17,446	18,000	17,500	14,800
Penalties	5,577	396	1,976	7,023	538	500	500	500
Other	(1,022)	5,692	3,488	113	6,519	(5,608)	(2,400)	(2,400)
Total Feed Revenue	859,099	892,014	949,330	963,357	956,534	910,892	913,600	910,900
Expenditures:								
Commercial Feed	333,412	374,522	351,317	310,609	334,176	492,675	492,675	492,675
Laboratory	484,238	429,194	502,510	426,362	426,439	472,109	572,109	537,109
Transfer	650,000							
Meat and Poultry Insp			28,861					
Market News			19,110	20,987	18,959	20,959	20,959	20,959
Dairy Study						32,000		
LB 175-Livestock Growth							150,000	150,000
Total Expenditures	1,467,649	803,716	901,799	757,958	779,574	1,017,743	1,235,743	1,200,743
Encumbrances					13,136			
Ending Balance	364,599	452,896	500,427	705,827	869,650	762,799	440,656	150,813

The fiscal note reflects only the usage of the Commercial Feed Administration Cash Fund as potentially the only funding source for this grant program. Based on current cash flow estimates, the fund could support approximately 10 of the strategic planning grants, each at the maximum of \$15,000, per year for three years before negative cash flow potentially occurs. There does not appear to be funding within the Commercial Feed Administration Cash Fund for the public infrastructure improvement grants at this time. Currently there are 29 livestock friendly counties plus 5-6 looking to become livestock friendly that would be eligible for funding assistance. The amount of funds appropriated and transferred to the Livestock Growth Cash Fund from other sources would affect the department's implementation of the program as outlined here.

This bill also amends provisions regarding applications for benefit under the Nebraska Advantage Rural Development Act.

**BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE**

**Personal Services:**

<b>POSITION TITLE</b>	<b>NUMBER OF POSITIONS</b>		<b>2015-16</b>	<b>2016-17</b>
	<b><u>15-16</u></b>	<b><u>16-17</u></b>	<b><u>EXPENDITURES</u></b>	<b><u>EXPENDITURES</u></b>
<b>Benefits</b> .....				
<b>Operating</b> .....				
<b>Travel</b> .....				
<b>Capital outlay</b> .....				
<b>Aid</b> .....			150,000	150,000
<b>Capital improvements</b> .....				
<b>TOTAL</b> .....			150,000	150,000

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